

Message Text

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PAGE 01 DUBLIN 00415 231755Z
ACTION EUR-12

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E.O. 11652: N/A
TAGS: ELAB EI
SUBJECT: NATIONAL WAGE AGREEMENT APPROVAL

REF: DUBLIN 178

1. BOTH THE IRISH CONGRESS OF TRADE UNIONS (ICTU) AND EMPLOYERS ACCEPTED THE DRAFT NATIONAL WAGE AGREEMENT FEBRUARY 22; THUS THE AGREEMENT WILL GO INTO EFFECT IMMEDIATELY. THE TOTAL AGREEMENT WILL LAST FOR 14 MONTHS, AND CALLS FOR A THREE MONTH PAY FREEZE, FOLLOWED BY A SEVEN MONTH PERIOD WITH MAXIMUM WAGE INCREASES OF TWO AND ON-HALF PER CENT PLUS ONE POUND PER WEEK. THE SEVEN MONTH PERIOD WILL BE FOLLOWED BY A FOUR MONTH PERIOD WITH WAGE INCREASES THE SAME AS THE SEVEN MONTH PERIOD. FOR APPROXIMATELY TWENTY-FIVE PER CENT OF THE WORKERS THE AGREEMENT IS BACKDATED TO FEBRUARY 1, AND FOR THE REST IT WILL START ON APRIL 1 UPON THE EXPIRATION OF THE LAST WAGE AGREEMENT. THE AGREEMENT COVERS ABOUT NINETY PERCENT OF IRISH WORKERS. SOME IMPORTANT UNIONS SUCH AS THE BANK EMPLOYEES AND AMALGAMATED UNION OF ENGINEERING WORKERS, NOT AFFILIATED TO UNCLASSIFIED

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THE ICTU, HAVE ANNOUNCED THEY WILL SEEK AGREEMENTS HIGHER THAN THE NATIONAL WAGE AGREEMENT.

2. THE WAGE AGREEMENT IS TIED TO TAX CUTS ALREADY ANNOUNCED BY THE GOVERNMENT, WHICH WILL BE IMPLEMENTED IN PHASE WITH THE AGREEMENT ACCORDING TO THE MINISTER OF LABOR. NO OFFICIAL FIGURES ON A TOTAL PERCENTAGE FOR

THE WHOLE PACKAGE HAVE BEEN PUBLISHED, AND LABOR/EMPLOYERS/GOVERNMENT DISAGREE RATHER WIDELY ON THE PERCENTAGE OF TAKE-HOME PAY INCREASE FOR THE WORK FORCE AS A WHOLE. WE ESTIMATE THAT THE WAGE AGREEMENT WILL TOTAL ABOUT EIGHT-TO-NINE PERCENT AND THE TAX CUT ANOTHER FOUR-TO-FIVE PERCENT ON THE AVERAGE OVER THE FOURTEEN MONTHS. AN ADDED BONUS: LABOR MINISTER O'LEARY ANNOUNCED BEFORE THE ICTU VOTE THAT IF THE PACKAGE WERE APPROVED, HE WOULD ADD A NEW PUBLIC HOLIDAY, THE LAST MONDAY IN OCTOBER.

3. COMMENT: THE EMPLOYERS ARE PARTICULARLY HAPPY WITH THE AGREEMENT AS IT SHOULD BOLSTER THEIR COMPETITIVE POSITION. THE LOWER PAID WORKERS, REPRESENTED BY THE TWO LARGEST UNIONS (THE IRISH TRANSPORT AND GENERAL WORKERS UNION AND THE WORKERS' UNION OF IRELAND) ARE ALSO RELATIVELY PLEASED, THOUGH SKILLED AND HIGHER-PAID WORKERS ARE DISPLEASED. IF INFLATION REACHES FIFTEEN PERCENT IN 1977, AS GENERALLY PREDICTED, THEN MANY WORKERS WOULD FACE AN ACTUAL LOSS OF PURCHASING POWER. THE BARTENDERS ARE PARTICULARLY UNHAPPY, AND OUR RESEARCHES DURING THE EVENING REVEALED TALK OF A STRIKE. OBSERVERS ARE NOT SURE THAT THE COUNTRY COULD SURVIVE SUCH A STRIKE. IN ANY EVENT, THE AGREEMENT WAS REACHED RATHER SMOOTHLY, CONSIDERING PAST AGREEMENTS, IS DEFLATIONARY AND SHOULD BE A MAJOR POSITIVE FACTOR IN BOOSTING GROWTH OF THE ECONOMY IN 1977-78. THE UNIONS HAVE SHOWN CONSIDERABLE RESTRAINT. LABOR MINISTER O'LEARY IS GETTING HIGH MARKS FOR THIS ACCOMPLISHMENT, WHICH IS THE FIRST DE FACTO TRIPARTITE AGREEMENT IN IRISH
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HISTORY (I.E., LABOR, MANAGEMENT, GOVERNMENT). CURLEY

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